

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO,

Debtor.¹

PROMESA

Title III

Case No. 17-BK-3283-LTS

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND MANAGEMENT
BOARD FOR PUERTO RICO,

as representative of,

PUERTO RICO HIGHWAYS AND
TRANSPORTATION AUTHORITY (“HTA”),

Debtor.

PROMESA

Title III

Case No. 17-BK-3567-LTS

(Jointly Administered)

ASSURED GUARANTY CORP., ASSURED
GUARANTY MUNICIPAL CORP., AND NATIONAL
PUBLIC FINANCE GUARANTEE CORPORATION

Movants

v.

PUERTO RICO HIGHWAYS AND
TRANSPORTATION AUTHORITY

Respondent.

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations.)

**RESPONSE OF THE
FINANCIAL OVERSIGHT AND MANAGEMENT BOARD
TO ASSURED GUARANTY CORP., ASSURED GUARANTY
MUNICIPAL CORP., AND NATIONAL PUBLIC FINANCE
GUARANTEE CORPORATION’S URGENT MOTION TO SET
SCHEDULE WITH RESPECT TO MOTION FOR ADEQUATE PROTECTION
OR, IN THE ALTERNATIVE, FOR RELIEF FROM THE AUTOMATIC STAY**

To the Honorable United States District Court Judge Laura Taylor Swain:

The Financial Oversight and Management Board (the “Oversight Board”), as representative of the Puerto Rico Highways and Transportation Authority (“HTA”) pursuant to section 315(b) of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”),² respectfully submits this response to *Assured Guaranty Corp., Assured Guaranty Municipal Corp., and National Public Finance Guarantee Corporation’s Urgent Motion to Set Schedule With Respect to Motion for Adequate Protection or, in the Alternative, for Relief from the Automatic Stay* [Case No. 17-3283, ECF No. 8537] (the “Urgent Motion”), and states as follows:

1. On August 23, 2019, Movants, Assured Guaranty Corp. (“AGC”), Assured Guaranty Municipal Corp. (together with AGC, “Assured”), and National Public Finance Guarantee Corporation (“National”, and, together with Assured, the “Movants”), filed a *Motion for Adequate Protection or, in the Alternative, for Relief from the Automatic Stay* [Case No. 17-3283, ECF No. 8536] (the “Stay Motion”) seeking adequate protection or, in the alternative, relief from the automatic stay with respect to Movants’ asserted property interests in certain revenues purportedly pledged to secure bonds issued by HTA and held and/or insured by Movants.

² PROMESA has been codified at 48 U.S.C. §§ 2101-2241.

2. Concurrently with the Stay Motion, Movants filed the Urgent Motion requesting that the Court's *Order Regarding Stay Period and Mandatory Mediation* Case No. 17-3283, ECF No. 8244] (the "Stay and Mediation Order") be extended to the Stay Motion, and that the Stay Motion be incorporated into the same schedule and mediation process as the other adversary proceedings and contested matters identified in Appendix I to the Stay and Mediation Order.

3. The Oversight Board is in favor of the mediation process and supports the Urgent Motion in so far as it seeks to extend this Court's Stay and Mediation Order to the Stay Motion and waives application of Bankruptcy Code section 362(e)(1) to the extent necessary to conform to the following scheduling. If at the end of the Stay (as defined in the Stay and Mediation Order) the mediation process does not resolve the issues raised in the Stay Motion, the Oversight Board respectfully requests the Court to direct the parties to meet and confer regarding a briefing and hearing schedule for the Stay Motion, with the Court to set the briefing and hearing schedule to the extent the parties do not reach consensus.

4. An alternative proposed order reflecting this request is attached hereto as **Exhibit A.**

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Dated: August 26, 2019
San Juan, Puerto Rico

Respectfully submitted,

/s/ Martin J. Bienenstock

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Exhibit A

Proposed Order

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO,

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Title III

Case No. 17-BK-3283-LTS

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PROMESA

Title III

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³ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations.)

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PUBLIC FINANCE GUARANTEE CORPORATION

Movants

v.

PUERTO RICO HIGHWAYS AND
TRANSPORTATION AUTHORITY

Respondent.

**[PROPOSED] ORDER GRANTING URGENT MOTION TO SET SCHEDULE WITH
RESPECT TO MOTION OF ASSURED GUARANTY CORP., ASSURED GUARANTY
MUNICIPAL CORP., AND NATIONAL PUBLIC FINANCE GUARANTEE
CORPORATION FOR ADEQUATE PROTECTION OR, IN THE ALTERNATIVE, FOR
RELIEF FROM THE AUTOMATIC STAY**

Upon consideration of the *Urgent Motion to Set Schedule with Respect to Motion of Assured Guaranty Corp., Assured Guaranty Municipal Corp., and National Public Finance Guarantee Corporation for Adequate Protection or, in the Alternative, for Relief from the Automatic Stay* (the “Urgent Motion”), seeking a schedule governing the *Motion of Assured Guaranty Corp., Assured Guaranty Municipal Corp., and National Public Finance Guarantee Corporation for Adequate Protection or, in the Alternative, for Relief from the Automatic Stay* (the “Motion”), and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED that:

1. The Urgent Motion is GRANTED as set forth herein;
2. The contested matter (the “Contested Matter”) commenced by the filing of the Motion shall be subject in all respects to the *Order Regarding Stay Period and Mandatory Mediation* (ECF No. 8244, the “Stay and Mediation Order”), including with respect to the obligations to mediate set forth therein, in the same manner, and to the same extent, as if the Motion were set forth on Appendix I to the Stay and Mediation Order;

3. Bankruptcy Code section 362(e)(1), made applicable by PROMESA § 301(a), is waived to the extent necessary to accommodate the scheduling herein.

4. The Court hereby stays the Contested Matter through November 30, 2019, to the same extent, and on the same terms, as the other contested matters stayed pursuant to the Stay and Mediation Order, after such time, if necessary, the parties are directed to meet and confer to submit a proposed briefing and hearing schedule for the Motion by December 5, 2019, with the Court to set the schedule in the absence of agreement of the parties.

Dated _____

Exhibit B

Proposed Order Redline